

Testimony
Owner-Operator Independent Drivers Association
Michigan House Committee on Commerce and Trade
December 8, 2016

SB 627

Dear Chairman Graves and Members of the Committee:

My name is Bob Esler and I am a resident of Taylor, Michigan. I am a lifelong truck driver and I serve on the Board of Directors for the Owner-Operator Independent Drivers Association (OOIDA). OOIDA is the largest trade association representing the views of small-business trucking professionals and professional truck drivers. We have more than 158,000 members nationwide, including roughly 5,144 who reside in Michigan and thousands more who operate on Michigan highways every day. OOIDA's twenty-two member Board of Directors collectively has more than eight-hundred years of experience as professional truck drivers and my experience behind the wheel of a truck accounts for forty-five of those years.

SB 627, as passed by the Senate, would authorize the development of toll roads throughout our state, both on existing and new roads and bridges. As a resident of Michigan, I recognize our state has transportation needs but tolling our highways is not the solution.

Truck drivers are generally supportive of equitable and efficient investments in transportation infrastructure. In fact, OOIDA did not oppose the state's recent effort to increase the diesel tax which is scheduled to be done in 2017 and 2018. However, there is nothing equitable or efficient about SB 627 as it pertains to the funding of roads and bridges.

As you may know, truckers are already subject to a number of taxes; Heavy Vehicle Use Tax, International Fuel Tax Agreement, Unified Carrier Registration, 12% federal excise tax on the purchase of new tractors and trailers, International Registration Plan, and a federal excise tax on the purchase of new tires, just to name a few. The majority of truck taxes – including those listed above – do not apply to personal automobiles or other modes of transportation, such as public transportation and bicycling. In short, truckers pay their fair share.

In terms of highway safety, new toll roads and bridges in Michigan will inevitably result in commercial trucks diverting to toll-free roadways that are less capable of supporting heavy vehicles. Contrary to what others might say, this will happen. Route diversion will also undermine the viability of a toll project when actual revenue generated is far less than anticipated and it is impossible to accurately predict just how much truck traffic will divert. It should also be noted that truck-dependent businesses along a toll road will suffer economically, such as repair shops, truck stops, etc.

I encourage everyone to look at a few toll projects in other states that have failed. For example:

- The Foley Beach Express toll bridge that connected Florida to the beaches in Alabama filed bankruptcy in 2013;
- Texas State Highway 130 filed for bankruptcy earlier this year;
- The South Bay Expressway outside of San Diego filed for bankruptcy in 2010; and
- Virginia pulled the plug on a disastrous proposed U.S. Route 40 expressway after spending roughly \$260 million with nothing to show for it.

Closer to home, the Indiana Toll Road filed for bankruptcy in 2014. The Indiana Toll Road is a perfect example of why roads should not be sold to corporate investors. In short, roads and bridges should be paid for by the motoring public for the benefit of the motoring public. Corporate investors simply do not have the best interest of the motoring public at heart; rather they exist to make a profit from what should be a public asset.

Transportation P-3 projects also lack crucial consumer protections. For example, Virginia's I-495 Express Lanes have seen their fair share of controversy. In 2014, a woman in Northern Virginia was being charged more than \$10,000.00 in administrative fees, court costs, and civil penalties for eleven trips and \$12.00 in unpaid tolls. Thankfully, as far as I know, this case was dismissed by a judge but it highlights serious issues that face consumers in agreements like those proposed in SB 627. In fact, the word "consumer" or the phrase "consumer protection" is not found anywhere in the text of SB 627. To the contrary, Section 16 of the bill protects corporate investors, not consumers.

The word "transparency" is also notably absent from the text of SB 627. While a "public hearing" provision was added to the bill, holding a public review every five years after the completion of an eligible project is rather pointless, especially on projects with a multigenerational lifespan. These agreements are usually intentionally structured to limit meaningful public input that could potentially threaten the project itself.

I am also concerned that SB 627 lacks accountability. This bill cedes a tremendous amount of authority to unelected bureaucrats that are not accountable to the legislature. Allowing a public authority to enter into a 50-year agreement for the operation of a road or bridge with no effective legislative oversight is bad public policy.

In closing, there is no question that Michigan has transportation infrastructure needs. Our roads and bridges are in bad shape and need to be fixed. However, selling public assets to the highest bidder is not the answer. Respectfully, if SB 627 is enacted, I guarantee in the coming years that your successors will walk these halls wondering what you were thinking when you agreed to this bill. Toll roads will fail in Michigan just as they continue to fail elsewhere. Fundamentally, they are bad for taxpayers, bad for the motoring public, and bad for our transportation network.

I appreciate your time and I would welcome the opportunity to answer any questions you might have.

Bob Esler
Secretary
OOIDA Board of Directors